

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTH SHELBY)	
WATER COMPANY FOR APPROVAL OF)	CASE NO. 9868
CONSTRUCTION)	

O R D E R

North Shelby Water Company ("North Shelby") by application filed February 16, 1987, is seeking authorization to construct a \$203,000 waterworks improvement project and approval of its plan of financing for this project. The project funding includes \$63,239 in excess funds from Case No. 8718 and \$139,761 from North Shelby's Depreciation and Reserve Accounts.

The proposed construction will add water storage facilities. Drawings and specifications for the proposed improvements by Warner A. Broughman III and Associates, Lexington, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

FINDINGS AND ORDERS

The Commission, after consideration of the evidence of record, and being advised, is of the opinion and finds that:

1. Public convenience and necessity require that the construction proposed in the application be performed and that a certificate of public convenience and necessity be granted.
2. The proposed construction consists of a 250,000-gallon water storage tank, additions to the telemetry control system, the

installation of an altitude valve and related appurtenances. The low bids totaled \$149,993 which will require about \$203,000 after allowances are made for fees, contingencies, and other indirect costs.

3. Any deviations from the construction herein approved which could adversely affect service to any customer should be done only with the prior approval of the Commission.

4. North Shelby should furnish duly verified documentation of the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Said construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

5. North Shelby's contract with its Engineer should require the provision of full-time resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

6. North Shelby should require the Engineer to furnish a copy of the "as-built" drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

7. The financing plan proposed by North Shelby is for the lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of its service to the public and will not impair its ability to perform that service and should, therefore, be approved.

8. The financing secured by North Shelby for this project will be needed to pay for the work herein approved. North Shelby's financing plan should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. North Shelby be and it hereby is granted a certificate of public convenience and necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein.

2. North Shelby's financing plan consisting of \$63,239 in excess funds from Case No. 8718 and \$139,761 from North Shelby's Depreciation and Reserve Accounts be and it hereby is approved.

3. North Shelby shall comply with all matters set out in Findings 3 through 6 as if the same were individually so ordered.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 12th day of May, 1987.

PUBLIC SERVICE COMMISSION

Richard D. Hemmings
Chairman

[Signature]
Vice Chairman

Spencer N. Williams
Commissioner

ATTEST:

Executive Director